

Message Text

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ACTION EB-08

INFO OCT-01 EUR-12 NEA-10 IO-13 ISO-00 FEA-01 AGRE-00

CEA-01 CIAE-00 COME-00 DODE-00 FRB-03 H-01 INR-07

INT-05 L-03 LAB-04 NSAE-00 NSC-05 PA-01 AID-05

SS-15 STR-05 ITC-01 TRSE-00 USIA-06 PRS-01 SP-02

OMB-01 XMB-02 OPIC-03 OIC-02 AF-10 ARA-10 EA-10

/148 W

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R 071710Z OCT 77

FM USMISSION GENEVA

TO SECSTATE WASHDC 1738

INFO AMEMBASSY ALGIERS

AMEMBASSY BRUSSELS

AMEMBASSY PARIS

AMEMBASSY RABAT

AMEMBASSY TUNIS

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USEEC USOECD

E O 11652: NA

TAGS: ETRD, GATT, AG, MO, TS, EC

SUBJ: GATT WORKING PARTY ON THE EC-MAGHREB AGREEMENTS

REF: STATE 230308

SUMMARY: SUBJECT WORKING PARTY MET OCTOBER 3 AND REFLECTED
USUAL DIFFERENCE OF OPINION ON GATT LEGALITY OF EC FREE
TRADE ARRANGEMENTS. EC DEL SKIRTED QUESTION OF GATT
LEGALITY OF MAGHREB AGREEMENTS UNDER GATT ARTICLE XXIV, AND
U.S. DID NOT DISCUSS GATT LEGALITY. WP REPORT, TO BE CON-
SIDERED OCTOBER 17, WILL REFLECT DIFFERING OPINIONS. END
SUMMARY.

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1. EC, TUNISIAN, ALGERIAN AND MOROCCAN REPS ARGUED THAT
EC-MAGHREB AGREEMENTS SHOULD BE SEEN IN HISTORICAL PER-
SPECTIVE OF TRADITIONAL TIES AND SHOULD BE EXAMINED AS NEW
TYPE DEVELOPMENT ARRANGEMENTS BETWEEN DEVELOPED AND DEVEL-
OPING COUNTRIES. EC SAID THAT AGREEMENTS THEREFORE MEET
THE OBJECTIVES AND CONTENT OF PART IV TO THE GENERAL AGREE-
MENT. EC REP (LUYTEN), IN NOTING THAT AGREEMENTS DID NOT

CONTAIN REVERSE PREFERENCES "AT THE PRESENT STAGE," STATED THAT THE EC, AS THE DEVELOPED PARTNER MEMBER FELT OBLIGATED TO FULFILL ARTICLE XXIV RULES BUT BELIEVED THAT DEMANDING REVERSE PREFERENCES WOULD BE INCONSISTENT WITH DEVELOPMENT OBJECTIVES OF PART IV OF THE GENERAL AGREEMENT. EC, IN THIS MANNER, SKIRTED QUESTION OF JUSTIFYING AGREEMENT UNDER XXIV DESPITE REPEATED QUESTIONS FROM CANADA AND JAPAN.

2. CANADIAN AND JAPANESE DELS PROFFERED USUAL ARGUMENTS THAT AGREEMENT DID NOT MEET CRITERIA OF ARTICLE XXIV, IN PART BECAUSE OF ONE WAY PREFERENCES AND IN PART BECAUSE OF LIMITATIONS ON AGRICULTURAL TRADE.

3. WE AND THE CANADIANS ALSO CRITICIZED UNNECESSARILY STRICT RULES OF ORIGIN, POINTING OUT THAT SIMILAR TYPE PREFERENTIAL ARRANGEMENTS USED SIMPLE VALUE-ADDED RULE OF 50 PERCENT. EXCHANGE ON ORIGIN RULES PROVKED LIVELIEST DEBATE IN OTHERWISE BORING MEETING WITH EC DEFENDING ORIGIN RULES ON BASIS THAT THEY NEEDED TO BE TAILORED TO EACH INDIVIDUAL CASE WHILE WE AND THE CANADIANS ATTACKED THEM AS A MEANS OF TYING FUTURE TRADE TO EC AXIS IN WAY THAT REVERSE PREFERENCES MIGHT HAVE DONE.

4. EC OBTAINED SUPPORT FROM SEVERAL NATIONS IN SEARCH OF EC FAVORS WHO DO NOT NORMALLY SPEAK OUT IN GATT FORUMS. LIMITED OFFICIAL USE

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MALTA, CYPRUS AND GREECE ALL BELIEVED, NOT SURPRISINGLY, THAT THE AGREEMENTS WERE FULLY CONSISTENT WITH THE GENERAL AGREEMENT.

5. THE INDIANS THAUGHT IT ADMIRABLE THAT THE MAGHREB STATES WERE GETTING PREFERENTIAL ACCESS BUT WANTED THE PREFERENCES EXTENDED ON A GLOBAL BASIS. THE FINNS, SPEAKING FOR THE NORDICS, DID NOT ADDRESS THE AGREEMENTS' COMPATIBILITY WITH ARTICLE XXIV BUT SAID THAT THE AGREEMENTS SHOULD BE EXAMINED IN TERMS OF THE GENERAL SPIRIT OF THE GENERAL AGREEMENT.

6. IN RESPONSE TO U.S. STATEMENT BASED ON REFTEL, EC AGREED TO FOLLOW THE USUAL BIENNIAL REPORTING PROCEDURE. ON CONSULTATIONS IN CASE OF TRADE DAMAGE, EC REFERRED US TO THE NORMAL GATT PROVISIONS AND REMEDIES.

7. WP WILL MEET AGAIN OCTOBER 17 TO APPROVE WP REPORT. SORENSON

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Message Attributes

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Control Number: n/a
Copy: SINGLE
Sent Date: 07-Oct-1977 12:00:00 am
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Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 22 May 2009
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Disposition Reason:
Disposition Remarks:
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